

1 **LAND VALUE PROPERTY TAX STUDY**

2 2005 GENERAL SESSION

3 STATE OF UTAH

4 **Sponsor: Howard A. Stephenson**

6 **LONG TITLE**

7 **General Description:**

8 This bill directs the Utah Tax Review Commission to conduct a study relating to land
9 value property tax systems during the 2005 interim.

10 **Highlighted Provisions:**

11 This bill:

- 12 ▶ defines terms;
- 13 ▶ directs the Utah Tax Review Commission to, during the 2005 interim, conduct a
14 study of the desirability and feasibility of implementing a land value property tax
15 system to be operated concurrent with the state's existing property tax system;
- 16 ▶ describes the scope of the study described in the previous paragraph;
- 17 ▶ describes the responsibilities of the Utah Tax Review Commission in relation to the
18 study;
- 19 ▶ provides for the creation of a subcommittee to assist in the study; and
- 20 ▶ requires the Utah Tax Review Commission to make a final report on the study to the
21 Revenue and Taxation Interim Committee before November 30, 2005.

22 **Monies Appropriated in this Bill:**

23 There is appropriated from the General Fund for fiscal year 2004-05 only:

- 24 ▶ \$3,000 to the Senate to pay for the compensation and expenses of senators on a
25 subcommittee appointed by the commission; and
- 26 ▶ \$5,000 to the House of Representatives to pay for the compensation and expenses of
27 representatives on a subcommittee appointed by the commission.



28 **Other Special Clauses:**

29 This bill is repealed on November 30, 2005.

30 **Uncodified Material Affected:**

31 ENACTS UNCODIFIED MATERIAL



33 *Be it enacted by the Legislature of the state of Utah:*

34 Section 1. **Study by Utah Tax Review Commission – Duties – Creation of**
35 **subcommittees.**

36 (1) As used in this bill:

37 (a) "commission" means the Utah Tax Review Commission created in Section
38 59-1-901; and

39 (b) "land value property tax system" means a property tax system where a tax levy is
40 imposed on the value of land and not improvements to the land.

41 (2) During the 2005 interim, the commission shall study the desirability and feasibility
42 of implementing a land value property tax system to be operated concurrent with the state's
43 existing property tax system.

44 (3) In conducting the study described in Subsection (2), the commission:

45 (a) shall study the following subjects relating to a land value property tax system:

46 (i) the experience of other states that administer land value property tax systems;

47 (ii) the desirability and feasibility of using revenues from a land value property tax
48 system to fund highway construction;

49 (iii) the burden imposed on taxpayers, including the compliance burden;

50 (iv) the administrative issues for:

51 (A) county officials; and

52 (B) the Utah State Tax Commission;

53 (v) how a land value property tax system will:

54 (A) affect the existing property tax system;

55 (B) be operated and administered with by the Utah State Tax Commission; and

56 (C) effect investment spending, including investment spending to improve unimproved
57 land;

58 (vi) any proposed amendments to the Utah Constitution that may be necessary to

59 implement a land value property tax system; and
60 (vii) any other issue that the commission considers appropriate;
61 (b) shall estimate the total taxable value under a land value property tax system for:
62 (i) the state; and
63 (ii) each political subdivision of the state;
64 (c) shall include a demonstration of the impact of a land value property tax system on:
65 (i) revenue; and
66 (ii) administration;
67 (d) may receive assistance from a person or organization with expertise in land value
68 property tax theory and systems; and
69 (e) subject to Subsection (4), may establish a subcommittee to assist the commission in
70 completing the study described in Subsection (2).
71 (4) For the subcommittee described in Subsection (3)(e), the commission shall:
72 (a) prescribe the subcommittee's duties; and
73 (b) appoint the members of the subcommittee, which may include one or more:
74 (i) members of the commission;
75 (ii) members of the Legislature;
76 (iii) members of the Utah State Tax Commission;
77 (iv) employees of the Utah State Tax Commission;
78 (v) taxpayers;
79 (vi) tax practitioners;
80 (vii) members of the public who have an interest or expertise in property tax;
81 (viii) representatives of political subdivisions that impose a property tax; and
82 (ix) county officials involved with the administration of the property tax system.
83 (5) The commission shall make a final report on the study described in Subsection (2),
84 including any proposed legislation, to the Revenue and Taxation Interim Committee before
85 November 30, 2005.

86 **Section 2. Appropriation.**

87 There is appropriated from the General Fund for fiscal year 2004-05 only:

88 (1) \$3,000 to the Senate to pay for the compensation and expenses of senators on a
89 subcommittee appointed by the commission; and

90 (2) \$5,000 to the House of Representatives to pay for the compensation and expenses
91 of representatives on a subcommittee appointed by the commission.

92 Section 3. **Repeal date.**

93 This bill is repealed on November 30, 2005.

Legislative Review Note
as of 1-17-05 10:54 AM

Based on a limited legal review, this legislation has not been determined to have a high probability of being held unconstitutional.

Office of Legislative Research and General Counsel

State Impact

This bill appropriates \$8,000 in General Fund to the Legislature.

	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
	<u>Approp.</u>	<u>Approp.</u>	<u>Approp.</u>	<u>Revenue</u>	<u>Revenue</u>	<u>Revenue</u>
General Fund	\$8,000	\$0	\$0	\$0	\$0	\$0
TOTAL	\$8,000	\$0	\$0	\$0	\$0	\$0

Individual and Business Impact

No fiscal impact.